

109TH CONGRESS
1ST SESSION

S. 1109

To amend title XVIII of the Social Security Act to provide payments to Medicare ambulance suppliers of the full cost of furnishing such services, to provide payments to rural ambulance providers and suppliers to account for the cost of serving areas with low population density, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 24, 2005

Mr. LOTT (for himself, Mr. DAYTON, Mr. SESSIONS, Mr. SCHUMER, Mr. JEFFORDS, Mr. HARKIN, and Mr. LEAHY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to provide payments to Medicare ambulance suppliers of the full cost of furnishing such services, to provide payments to rural ambulance providers and suppliers to account for the cost of serving areas with low population density, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medicare Ambulance
5 Payment Reform and Rural Equity Act of 2005”.

1 **SEC. 2. AMBULANCE PAYMENT RATES.**

2 (a) PAYMENT RATES.—Section 1834(l)(3) of the So-
 3 cial Security Act (42 U.S.C. 1395m(l)(3)) is amended to
 4 read as follows:

5 “(3) PAYMENT RATES.—Subject to any adjust-
 6 ment under subparagraph (B) and paragraph (13)
 7 and the full payment of a national mileage rate pur-
 8 suant to paragraph (2)(E), the Secretary shall mod-
 9 ify the fee schedule established under paragraph (1)
 10 as follows:

11 “(A) PAYMENT RATES IN 2006.—

12 “(i) GROUND AMBULANCE SERV-
 13 ICES.—In the case of ground ambulance
 14 services furnished under this part in 2006,
 15 the Secretary shall set the payment rates
 16 under the fee schedule for such services at
 17 a rate based on the average costs (as de-
 18 termined by the Secretary on the basis of
 19 the most recent and reliable information
 20 available) incurred by full cost ambulance
 21 suppliers in providing nonemergency basic
 22 life support ambulance services covered
 23 under this title, with adjustments to the
 24 rates for other ground ambulance service
 25 levels to be determined based on the rule
 26 established under paragraph (1). For the

1 purposes of the preceding sentence, the
2 term ‘full cost ambulance supplier’ means
3 a supplier for which volunteers or other
4 unpaid staff comprise less than 20 percent
5 of the supplier’s total staff and which re-
6 ceives less than 20 percent of space and
7 other capital assets free of charge.

8 “(ii) OTHER AMBULANCE SERVICES.—

9 In the case of ambulance services not de-
10 scribed in subclause (i) that are furnished
11 under this part in 2006, the Secretary
12 shall set the payment rates under the fee
13 schedule for such services based on the
14 rule established under paragraph (1).

15 “(B) PAYMENT RATES IN SUBSEQUENT

16 YEARS FOR ALL AMBULANCE SERVICES.—In the
17 case of any ambulance service furnished under
18 this part in 2007 or any subsequent year, the
19 Secretary shall set the payment rates under the
20 fee schedule for such service at amounts equal
21 to the payment rate under the fee schedule for
22 that service furnished during the previous year,
23 increased by the percentage increase in the
24 Consumer Price Index for all urban consumers

1 (United States city average) for the 12-month
 2 period ending with June of the previous year.”.

3 (b) CONFORMING AMENDMENT.—(1) Section 221(c)
 4 of the Medicare, Medicaid, and SCHIP Benefits Improve-
 5 ment and Protection Act of 2000 (114 Stat. 2763A–487),
 6 as enacted into law by section 1(a)(6) of Public Law 106–
 7 554, is repealed.

8 (2) The amendment made by paragraph (1) shall
 9 take effect on January 1, 2006, and shall apply to pay-
 10 ments for ambulance services furnished on or after such
 11 date.

12 **SEC. 3. IMPROVEMENT IN PAYMENTS TO RETAIN EMER-**
 13 **GENCY AND OTHER CAPACITY FOR AMBU-**
 14 **LANCES IN RURAL AREAS.**

15 (a) IN GENERAL.—Section 1834(l) of the Social Se-
 16 curity Act (42 U.S.C. 1395m(l)) is amended by adding
 17 at the end the following new paragraph:

18 “(15) ADDITIONAL PAYMENTS FOR PROVIDERS
 19 FURNISHING AMBULANCE SERVICES IN RURAL
 20 AREAS.—

21 “(A) IN GENERAL.—In the case of ground
 22 ambulance services furnished on or after Janu-
 23 ary 1, 2006, for which the transportation origi-
 24 nates in a rural area (as determined under sub-
 25 paragraph (B)), the Secretary shall provide for

1 a percent increase in the base rate of the fee
2 schedule for a trip identified under this sub-
3 section.

4 “(B) IDENTIFICATION OF RURAL AREAS.—

5 The Secretary, in consultation with the Office
6 of Rural Health Policy, shall use the Rural-
7 Urban Commuting Areas (RUCA) coding sys-
8 tem, adopted by that Office, to designate rural
9 areas for the purposes of this paragraph. A
10 rural area is any area in RUCA level 2 through
11 10 and any unclassified area.

12 “(C) TIERING OF RURAL AREAS.—The

13 Secretary shall designate 4 tiers of rural areas,
14 using a zip code population-based methodology
15 generated by the RUCA coding system, as fol-
16 lows:

17 “(i) TIER 1.—A rural area that is a

18 high metropolitan commuting area, in
19 which 30 percent or more of the com-
20 muting flow is to an urban area, as des-
21 ignated by the Bureau of the Census
22 (RUCA level 2).

23 “(ii) TIER 2.—A rural area that is a

24 low metropolitan commuting area, in which
25 less than 30 percent of the commuting flow

1 is to an urban area or to a large town, as
2 designated by the Bureau of the Census
3 (RUCA levels 3–6).

4 “(iii) TIER 3.—A rural area that is a
5 small town core, as designated by the Bu-
6 reau of the Census, in which no significant
7 portion of the commuting flow is to an
8 area of population greater than 10,000
9 people (RUCA levels 7–9).

10 “(iv) TIER 4.—A rural area in which
11 there is no dominant commuting flow
12 (RUCA level 10) and any unclassified area.

13 The Secretary shall consult with the Office of
14 Rural Health Policy not less often than every 2
15 years to update the designation of rural areas
16 in accordance with any changes that are made
17 to the RUCA system.

18 “(D) PAYMENT ADJUSTMENTS FOR TRIPS
19 IN RURAL AREAS.—The Secretary shall adjust
20 the payment rate under this section for ambu-
21 lance trips that originate in each of the tiers es-
22 tablished in subparagraph (C). The adjustment
23 shall be a percentage increase in the base pay-
24 ment rate as follows:

25 “(i) TIER 1.—5.5 percent.

1 “(ii) TIER 2.—11 percent.

2 “(iii) TIER 3.—16.5 percent.

3 “(iv) TIER 4.—22 percent.”.

4 (b) REVIEW OF PAYMENTS FOR RURAL AMBULANCE
5 SERVICES AND REPORT TO CONGRESS.—

6 (1) REVIEW.—Not later than July 1, 2008, the
7 Secretary of Health and Human Services shall re-
8 view the system for adjusting payments for rural
9 ambulance services under section 1834(l)(15) of the
10 Social Security Act (42 U.S.C. 1395m(l)(15)), as
11 added by subsection (a), to determine the adequacy
12 and appropriateness of such adjustments. In con-
13 ducting such review the Secretary shall consult with
14 providers and suppliers affected by such adjustments
15 and with representatives of the ambulance industry
16 generally to determine—

17 (A) whether such adjustments adequately
18 cover the additional costs incurred in serving
19 areas of low population density; and

20 (B) whether the tiered structure for mak-
21 ing such adjustments appropriately reflects the
22 difference in costs of providing services in dif-
23 ferent types of rural areas.

24 (2) REPORT.—Not later than January 1, 2009,
25 the Secretary shall submit to Congress a report set-

1 ting forth the results of such review and any rec-
2 ommendations for revision to the systems for adjust-
3 ing payments for ambulance services in rural areas.

4 (c) CONFORMING AMENDMENTS.—(1) Section
5 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)),
6 as amended by subsection (a), is further amended by add-
7 ing at the end the following new paragraph:

8 “(16) DESIGNATION OF RURAL AREAS FOR
9 MILEAGE PAYMENT PURPOSES.—In establishing any
10 differential in the amount of payment for mileage
11 between rural and urban areas in the fee schedule
12 established under paragraph (1), the Secretary shall
13 identify rural areas in the same manner as provided
14 in paragraph (15)(B).”.

15 (2) Section 1834(l)(12)(A) of the Social Security Act
16 (42 U.S.C. 1395m(l)(12)(A)) is amended by striking
17 “January 1, 2010” and inserting “January 1, 2006”.

18 (3) Section 1834(l)(13)(A)(i) of the Social Security
19 Act (42 U.S.C. 1395m(l)(13)(A)(i)) is amended by insert-
20 ing “(or in the case of such services furnished in 2006,
21 in a rural area identified by the Secretary under para-
22 graph (15)(B))” after “such paragraph”.

1 **SEC. 4. USE OF MEDICAL CONDITIONS FOR CODING AMBU-**
 2 **LANCE SERVICES.**

3 Section 1834(l)(7) of the Social Security Act (42
 4 U.S.C. 1395m(l)(7)) is amended to read as follows:

5 “(7) CODING SYSTEM.—

6 “(A) IN GENERAL.—The Secretary shall,
 7 in accordance with section 1173(c)(1)(B) and
 8 not later than January 1, 2006, establish a
 9 mandatory system or systems for the coding of
 10 claims for ambulance services for which pay-
 11 ment is made under this subsection, including a
 12 code set specifying the medical condition of the
 13 individual who is transported and the level of
 14 service that is appropriate for the transpor-
 15 tation of an individual with that medical condi-
 16 tion.

17 “(B) MEDICAL CONDITIONS.—The code set
 18 established under subparagraph (A) shall take
 19 into account the list of medical conditions devel-
 20 oped in the course of the negotiated rulemaking
 21 process conducted under paragraph (1).”.

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